

Audit Committee minutes

27 April 2018

Members:

Ailsa Beaton (chair)	Non-Executive Director
Roger Barlow	Independent Audit Committee member
Jane McCall	Non-Executive Director

Attendees:

ICO

Paul Arnold	Deputy CEO
Louise Byers	Head of Risk and Governance
Elizabeth Denham	Information Commissioner
Heather Dove	Head of Finance

Internal Auditors

Phil Keown	Grant Thornton
Gary Stewart	Mazars
Graham Clarke	Mazars

External Auditors

Matthew Atkinson	National Audit Office
David Eagles	BDO (by telephone)

Secretariat

Peter Bloomfield	Senior Corporate Governance Manager
Caroline Robinson	Corporate Governance Officer

1. Introductions and apologies

- 1.1. There were no apologies received.

2. Declaration of interests

- 2.1. There were no declarations of interest.

3. Matters arising from the previous meeting

- 3.1 The minutes were confirmed as being accurate.
- 3.2 Peter Bloomfield advised the committee that all actions from the previous meeting had been cleared.

4. Commissioner's update

- 4.1. Elizabeth Denham updated the Committee on matters affecting the ICO including the ongoing pay negotiations, the laying of the regulations for the new funding regime under GDPR, and passage of the Data Protection Bill through Parliament. In addition the ICO had been involved in a high profile investigation which was still being progressed.
- 4.2. It was confirmed that the revised Management Agreement between the ICO and DCMS would be in place shortly.

5. Risk and opportunity register

- 5.1. Louise Byers introduced a revised risk and opportunity register, and advised the Committee of the main changes. It was confirmed that the register was regularly reviewed by the Steering Groups and Senior Leadership Team.
- 5.2. The Committee questioned the risks linked to GDPR preparation. It was considered that GDPR preparation had gone well and the ICO was well prepared for implementation in May. It was also confirmed that the scoring of risks on the register took account of mitigating actions, ie scores were net rather than gross.
- 5.3. Ailsa Beaton proposed that the Audit Committee should review the detailed risk and opportunity register annually.

Action Point 1: Peter Bloomfield to explore the best time for an annual review of the risk and opportunity register by the Audit Committee and to ensure it was included in the Committee's annual timetable.

6. Outstanding audit recommendations

- 6.1. Peter Bloomfield introduced the register of outstanding audit recommendations. The recommendations made in internal audit reports coming to this meeting had been included, and some had already been cleared. There were no late recommendations.
- 6.2. The Audit Committee was pleased to note the good overall progress on delivering recommendations, but

encouraged management to proactively discuss and agree recommendations and timings with the Internal Auditors before audit reports are finalised. There needed to be clarity as to whether a recommendation was accepted and when it was cleared.

- 6.3. The Committee agreed to clear the outstanding action on the submission of legal packs as the courts the ICO worked with did not currently use such packs.
- 6.4. In respect of the recommendation in the Corporate Governance and Risk review for Management Board to consider the need for a Remuneration Committee, there were concerns about the timescale for this to happen. To help demonstrate good governance, Committee members thought the deadline ought to be brought forward.
- 6.5. Paul Arnold would review the deadline and report back to the next Audit Committee on the date a decision was expected to be made on the setting up of a Remuneration Committee.

Action point 2: Paul Arnold to review the deadline for clearance of the Corporate Governance Review recommendation and report back to the next Committee meeting (in June) on the expected date.

7. Internal audit

- 7.1. Grant Thornton presented the completed internal audit reports.

Data protection law reform follow-up review

- 7.2. Grant Thornton confirmed that findings in the original review had all been completed. There was a new recommendation on project progress reporting, based on a general lessons learnt approach given the closeness of GDPR implementation.

Corporate Governance review

- 7.3. This review had looked at overall corporate governance arrangements. A clear report had been given with one recommendation on consideration of the need for a Remuneration Committee (see above).

IT supplier contract management review

- 7.4. The focus of this review was on the major elements a contract with an IT supplier should have. Again this was a clear review with minor recommendations about tightening procedures.

Expenses review

- 7.5. It was confirmed that the ICO was compliant with HMRC rules in respect of its expenses policy and procedure. Recommendations related to monitoring and recording any divergence from the policy.
- 7.6. Ailsa Beaton asked if management were going to formally respond to the reporting. Given the low risk associated with the recommendations the position was to be monitored rather than changes made to the process.

Action point 3: Heather Dove to amend the response to the recommendation to clarify the position.

Follow-up review

- 7.7. The process in place to follow up and clear audit recommendations was working with evidence to support the clearing of the audit recommendations considered.

Internal audit annual report 2017/18

- 7.8. Grant Thornton introduced the draft internal audit annual report for 2017/18. The opinion covering risk management, corporate governance and internal controls (on both the design effectiveness and operation effectiveness) was clean.

Action point 4: Phil Keown to amend the report to "final" and to provide the ICO with the amended version.

- 7.9. Ailsa Beaton thanked Grant Thornton for the all their efforts over the years and asked that the thanks be passed on to those conducting the audits.

8. External audit

- 8.1. David Eagles confirmed that the final audit visit will take place shortly. They did not expect any issues to arise and the risk assessment has not changed from that previously presented.
- 8.2. Ailsa Beaton mentioned that is had been helpful for the Finance Department to raise possible issues in advance with the external auditors.
- 8.3. The Committee thanked the Finance Department for their work on the accounts and in clearing issues raised.

9. Annual Report and Accounts

- 9.1. Heather Dove confirmed that year end expenditure was within the 1% limit agreed with DCMS.

- 9.2. Looking forward to 2018/19 on of the challenges for the coming year will be the funding for high profile investigations.
- 9.3. The annual audit report was brought to the committee for information and any comments.

Action Point 4: Ailsa Beaton to provide Peter Bloomfield with wording for the Accountability Section of the Annual Report on links with DCMS ALB Audit Committee chairs.

10. Fraud, whistleblowing and security

- 10.1. Peter Bloomfield ran through the Quarterly report on security incidents. There were three incidents that were rated medium. All other incidents were rated low.
- 10.2. Paul Arnold confirmed that incidents were investigated with lessons learnt formally recorded and disseminated. The Committee discussed the value in the lessons learnt being added to the report. It was agreed that it would be beneficial to the Committee.

Action Point 5: Louise Byers and Peter Bloomfield to consider how best to add lessons learnt to the report.

11. NAO Guidance

- 11.1. The half yearly NAO update for Audit Committees was circulated for information.

12. Any other urgent business

- 12.1. There was no any other urgent business.

13. Internal Audit Strategy 2018/19 to 2020/21

- 13.1. The internal audit strategy was presented by the newly appointed internal auditors, Mazars. They noted that the strategy had been developed in detailed conversations with ICO management based on the risk register and other corporate documentation. And that given the rapidly changing environment the ICO was currently subject to the strategy would be reviewed at least annually.
- 13.2. It was clarified that the financial planning audit was required as the ICO was rapidly increasing in size and there was a need to ensure the systems were valid for a larger organisation.
- 13.3. It was confirmed that Mazars should meet formally with the Commissioner.

Action point 6: Peter Bloomfield to set up a meeting between the Commissioner and Mazars in the near future.

13.4. The committee approved the plan.